

**§ 202.558**

apply to compensation through self-insurance.

**§ 202.558 What standards do I use to report and pay royalties on gas?**

(a) You must report gas volumes as follows:

(1) Report gas volumes and Btu heating values, if applicable, under the same degree of water saturation. Report gas volumes and Btu heating value at a standard pressure base of 14.73 psia and a standard temperature of 60 degrees Fahrenheit. Report gas volumes in units of 1,000 cubic feet (Mcf).

(2) You must use the frequency and method of Btu measurement stated in your contract to determine Btu heating values for reporting purposes. However, you must measure the Btu value at least semi-annually by recognized standard industry testing methods even if your contract provides for less frequent measurement.

(b) You must report residue gas and gas plant product volumes as follows:

(1) Report carbon dioxide (CO<sub>2</sub>), nitrogen (N<sub>2</sub>), helium (He), residue gas, and any gas marketed as a separate product by using the same standards specified in paragraph (a) of this section.

(2) Report natural gas liquid (NGL) volumes in standard U.S. gallons (231 cubic inches) at 60 degrees F.

(3) Report sulfur (S) volumes in long tons (2,240 pounds).

**PART 203—RELIEF OR REDUCTION IN ROYALTY RATES**

**Subpart A—General Provisions**

Sec.

203.0 What definitions apply to this part?

203.1 What is MMS's authority to grant royalty relief?

203.2 How can I obtain royalty relief?

203.3 Do I have to pay a fee to request royalty relief?

203.4 How do the provisions in this part apply to different types of leases and projects?

203.5 What is MMS's authority to collect information?

**30 CFR Ch. II (7-1-10 Edition)**

**Subpart B—OCS Oil, Gas, and Sulfur General**

**ROYALTY RELIEF FOR DRILLING ULTRA-DEEP WELLS ON LEASES NOT SUBJECT TO DEEP WATER ROYALTY RELIEF**

203.30 Which leases are eligible for royalty relief as a result of drilling a phase 2 or phase 3 ultra-deep well?

203.31 If I have a qualified phase 2 or qualified phase 3 ultra-deep well, what royalty relief would that well earn for my lease?

203.32 What other requirements or restrictions apply to royalty relief for a qualified phase 2 or phase 3 ultra-deep well?

203.33 To which production do I apply the RSV earned by qualified phase 2 and phase 3 ultra-deep wells on my lease or in my unit?

203.34 To which production may an RSV earned by qualified phase 2 and phase 3 ultra-deep wells on my lease not be applied?

203.35 What administrative steps must I take to use the RSV earned by a qualified phase 2 or phase 3 ultra-deep well?

203.36 Do I keep royalty relief if prices rise significantly?

**ROYALTY RELIEF FOR DRILLING DEEP GAS WELLS ON LEASES NOT SUBJECT TO DEEP WATER ROYALTY RELIEF**

203.40 Which leases are eligible for royalty relief as a result of drilling a deep well or a phase 1 ultra-deep well?

203.41 If I have a qualified deep well or a qualified phase 1 ultra-deep well, what royalty relief would my lease earn?

203.42 What conditions and limitations apply to royalty relief for deep wells and phase 1 ultra-deep wells?

203.43 To which production do I apply the RSV earned from qualified deep wells or qualified phase 1 ultra-deep wells on my lease?

203.44 What administrative steps must I take to use the royalty suspension volume?

203.45 If I drill a certified unsuccessful well, what royalty relief will my lease earn?

203.46 To which production do I apply the royalty suspension supplements from drilling one or two certified unsuccessful wells on my lease?

203.47 What administrative steps do I take to obtain and use the royalty suspension supplement?

203.48 Do I keep royalty relief if prices rise significantly?

203.49 May I substitute the deep gas drilling provisions in § 203.0 and §§ 203.40 through 203.47 for the deep gas royalty relief provided in my lease terms?